tract charges are concededly valid in Kentucky. [See, *Mo.*, 14, note 9.] So, they are valid in California. [*Fenton v. Edwards & Johnson,* 126 Cal. 43, 46, 58 Pac. 320; *Mercantile Acceptance Co. v. Frank,* 203 Cal. 483, 485, 265 Pac. 190, 191.] Furthermore, the contract stipulates for application of the law of Kentucky. That is a valid provision [*Seeman v. Philadelphia Warehouse Co.,* 274 U.S. 403, 407-409; *Merchants and Manufacturing Secur. Co. v. Johnson,* 8 Cir., 69 F. 2d 940, 943-944, *cert. den.* 293 U.S. 569]; and of a kind to which California will give effect. [*Boole v. Union Marine Ins. Co.,* 52 Cal. App. 207, 209-210, 198 Pac. 416; *People v. Globe etc. Ins. Co.,* 96 Cal. App. 2d 571, 573, 575, 216 P. 2d 64, 65-66, 67; *Cal.* [*Uniform*] *Commercial Code,* sec. 1105(1).]

Kentucky's maximum charges would not be obnoxious to California's public policy, for the latter State's policy permits higher or equal charges in respect of analogous types of loans. [See, *Nevcal Enterprises v. Cal-Neva Lodge,* 194 Cal. App. 2d 177, 180-182, 14 *Cal. Rptr.* 805 807-808.] For example, a personal property loan may be made at a rate of 2½% on the unpaid balance up to $200 (instead of $100 as in the case of a small loan) and 2% on the unpaid balance in excess of $200 [*Cal. Fin. Code,* sec. 22451]; industrial loan companies may also charge 2½% up to $200, but 1½% on the excess [*Cal. Fin. Code,* sec. 18655]; and the rates permitted pawnbrokers are the same as on small loans. [*Cal. Fin. Code,* sec. 21200.] For banks and other financial institutions whose principal business is lending money, there is no limit on the rate they may charge borrowers. [*Wolf v. Pacific S.W. etc. Corp.,* 10 Cal. 2d 183, 184, 74 P. 2d

263, 264; *Penziner v. W. Amer. Fin. Co.,* 10 Cal. 2d 160, 177, 74 P. 2d 252, 260; *Cal. Const.,* art XX, sec. 22.*

II.

Solicitation Representations.

With each mail solicitation sent to a prospective borrower in California there were included, not alone the circular [*Clk. Tr.,* p. 5f] to which appellee refers [*Mo.,* 13-14], but two other circulars [*Clk. Tr.,* pp. 2, lines 4-11, 5a-5h.] In one of these there is a complete copy of the loan agreement used. [*Clk. Tr.,* p. 5h.] It makes it clear that the controlling law referred to in the solicitation is the law on Kentucky. It provides:

> ". . . the principal amount checked at right, which is the actual amount of the loan, together with charges at the agreed rate specified below, as provided in Kentucky Rev. Stat., Chapter 204, Sec. 13 . . .
>
> ". . . Payee herein is licensed to make loans in the State of Kentucky as provided in Chapter 204, Kentucky revised [*sic*] Statutes, 1960 and acts amendatory thereto. It is agreed that the validity and construction of this note shall be determined under and by virtue of the laws of the State of Kentucky . . ."

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*There are two sections numbered "22" in article XX. The reference here is to the second one. It exempts from the maximum rate of interest, subject to legislative fixing of a maximum, (which, with respect to at least the following has not been done), banks, building and loan associations, credit unions, agricultural cooperatives loaning or advancing money, and the like.

END